

EXHIBIT 1



Apr 7 2009
8:02PM

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

In Re: Methyl Tertiary Butyl Ether ("MtBE")
Products Liability Litigation

MDL No. 1358
Master File C.A. No.
1:00-1898 (SAS)

This document relates to the following cases:

City of New York v. Amerada Hess Corp., et al.

04 Civ. 3417

REBUTTAL REPORT OF

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Date

Table 3-1.
Average Inflation Rates for O&M Components¹

Item	Index	10 Yr Average	20 Yr Average	30 Yr Average	40 Yr Average
Finished Goods	PPI	3.1%	2.5%	3.2%	4.1%
Water Treatment Chemicals	PPI	3.1%	2.8%	NA	NA
Coal	PPI	5.9%	2.8%	2.5%	5.9%
Electricity	PPI	3.9%	2.7%	4.1%	5.8%
Natural Gas	PPI	12.0%	NA	NA	NA
Employee Compensation ²	ECI	NA	NA	NA	NA

[1] Source: Bureau of Labor Statistics, 2009.

[2] Employee compensation data was available only for 2001 through 2008. The average annual inflation for this period was calculated to be 3.4%.

3.8. Incremental Costs

Tierney (2009) comments that both PCE and MTBE are present in Well 6D and that incremental costs should be identified for MTBE treatment. However, MTBE treatment would be required whether or not PCE treatment was also necessary nullifying the concept of incremental costs. In addition, the facility sizing and operating parameters are controlled by MTBE, which is by far, the more difficult of the two VOC's to remove. Therefore, consideration of an incremental cost approach is not valid.

3.9. Costs to Remove MTBE at the Individual Wells

As discussed in **Section 2**, revised design criteria have been provided for Wells 5 and 22 based on additional modeling completed by LBG. Opinions of capital costs and O&M costs for providing MTBE treatment at these wells are discussed below. The detailed opinions of capital and O&M costs are included in **Appendix A** of this report.

3.9.1. Well 5

3.9.1.1. Opinions of Capital Cost

As discussed in the Cohen and Bell Expert Report (2009), opinions of capital cost for the individual wells are consistent with an AACE Class 5 Estimate, which is considered to be a concept screening estimate and typically -50% to +100% accurate. "Below-the-line"